



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Set Public Hearing for May 16, 2007 to introduce ordinance amending Chapter 13.20, "Electrical Service," by amending Section 13.20.210 Schedule EM (Mobile Home Park Service) to become effective July 1, 2007 (EUD)

MEETING DATE: May 2, 2007

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Set a public hearing for May 16, 2007 to consider changes to Chapter 13.20, "Electrical Service," by amending Section 13.20.210 Schedule EM (Mobile Home Park Service) to become effective July 1, 2007.

BACKGROUND INFORMATION: At its meeting of February 15, 2006, the City Council held a public hearing to "true up" electric rates for all customer classes. During the presentation, it was noted that the rates being charged mobile home residents were substantially lower than those of customers residing in other types of residential homes. This rate disparity appears to be the result of staff misunderstanding the direction received during rate discussions at Council meetings in late 2005.

At that time, staff recommended a Market Cost Adjustment (MCA) for Mobile Home Park Service (EM Schedule) of \$.0698. Council was not comfortable with what could be as much as an 80% increase for Schedule EM (which had been exempt from the MCA prior to this time), and the MCA for EM was set at \$.0071. In addition, mobile home park owners remained on the "old" two-tier EM Schedule at a total electric rate significantly lower (10.7¢/kWh vs. 15.7¢/kWh) than the Residential Service (EA Schedule) rates. Prior to the rate adjustments approved in December 2005, rates for mobile home park owners were within approximately 5% of the rates for other residential customers.

There are six mobile home parks, with a total of 499 pads being served by Lodi Electric Utility. Mobile home park owners (master-metered) are billed on the EM rate schedule, they then bill their sub-metered tenants on the applicable rate schedule (EA, Residential SHARE Service ED) and apply any entitled discounts. Residents of mobile home parks are eligible for the same rates and discounts as "traditional" residential customers.

In checking with the six parks in Lodi, staff found there is some variability in the rates charged by the mobile home park rate structure. We found that four parks (414 pads) are charging their tenants at the EA residential rate (about 5¢ per kilowatthour over the EM rate. The other two parks (76 pads) are using the EM (mobile home park) rate schedule to bill their tenants.

Currently, Mobile Home Park Service (EM) includes a discount of \$8.13 per month for each occupied mobile home park unit wired for service. This discount provides recovery by mobile home park owners for their costs of owning, operating and maintaining their electric sub metered system. Other energy

APPROVED: _____
Blair King, City Manager

providers within our area that offer a mobile home park service rate allow park owners a discount of \$0.37925 per day or approximately \$11.38/month per occupied unit.

Implementation of the proposed EM schedule will result in the park owner paying the same rate as they bill their residents (less the pad discount). In the four parks that are currently using Schedules EA and ED for billing, the end-use customer will see no change. In the two parks which have been billing using Schedule EM, the owner and the end-use customer will see a price increase of about 45 percent.

The proposed Schedule EM incorporates the following:

- the mobile home rate structure (Schedule EM) includes the same five-tier structure and rate level as other residential services (Schedule EA and ED);
- park owners on the EM rate would pass along all applicable rate discounts (including SHARE, Medical Rider, Combined Medical Rider and SHARE, and Fixed Income Discount); and
- the discount to mobile home park owners would be aligned with that of other energy providers in our area, increasing from \$8.13 per occupied pad per month to \$11.38 per month per occupied pad.

The rate being recommended would replicate the five-tier schedule adopted for all other residential users. Attached are the proposed EM Schedule, the current EM Schedule and the current EA Schedule for information.

FISCAL IMPACT: The impact of changing from the current EM Schedule to the proposed five-tier EM Schedule is estimated to result in additional revenue of approximately \$150-200 thousand per year.

FUNDING: Not Applicable.

George F. Morrow
Electric Utility Director

Prepared By: Sondra Huff, Senior Rate Analyst

GFM/SH/Ist

Attachments (3)



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EM

MOBILE HOME PARK SERVICE

APPLICABILITY:

This schedule is applicable to service supplied to mobile home parks through one meter and sub-metered to all individual mobile home units.

RATES:

Minimum Charge.....\$5.00

Energy Charge is by Tier of kWh usage:

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
\$/kWh	\$0.1420	\$0.1450	\$0.2235	\$0.3180	\$0.3300

Summer (May through October) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	482	626	963	>1,443
Ending Tier kWh/month	481	625	962	1,443	

Winter (November through April) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	392	509	783	>1,173
Ending Tier kWh/month	391	508	782	1,173	

DISCOUNT:

Per number of occupied mobile home park units wired for service \$ 11.38

SCHEDULE EM
MOBILE HOME PARK SERVICE

MARKET COST ADJUSTMENT (MCA):

A market cost adjustment may be included in each bill for service. The adjustment shall be the product of the total kilowatt-hours (kWh) for which the bill is rendered times the adjustment amount per kWh. The adjustment amount per kWh will reflect amounts charged the City of Lodi by various suppliers of bulk power not covered in the above rates.

BILLING CYCLE CHARGE (MONTHLY BILL):

The Billing Cycle Charge is the higher of the Minimum Charge or the sum of the Customer Charge, Energy Charge, Discount and MCA.

SPECIAL CONDITIONS:

- (a) This rate is available only for mobile home park master metering in service prior to March 31, 1989.
- (b) It is the responsibility of the master-metered customer to notify the City Finance Department within 15 days following any change in the number of occupied mobile home park units wired for service.
- (c) Miscellaneous electric loads such as general lighting, laundry rooms, general maintenance, and other similar use incidental to the operation of the premises as a multi-family accommodation will be considered domestic use.
- (d) To qualify for Single Household Alternative Rate for Energy (SHARE) the sub-metered tenants of the master-metered City of Lodi Customer will submit an application, including the tenant's unit number, to the City of Lodi Finance Department. The City of Lodi Finance Department will notify the master-metered Customer of the tenant's certification.
- (e) Certification will be required to determine income eligibility for the SHARE program. Sub-metered tenants of the master metered City of Lodi Customer must sign a statement upon application indicating that the City of Lodi may verify the sub-metered tenant's eligibility at any time. The master-metered Customer, not the City of Lodi, is responsible for extending the SHARE program to tenants certified to receive them. If verification establishes that the SHARE tenant is ineligible, the tenant will be removed from the master-metered Customer's qualified tenants and the City of Lodi may render corrective billings.
- (f) An additional medical discount is available as described in Schedule MR, Residential Medical Rider.
- (g) The master-metered Customer shall not bill any sub-metered tenant more than that tenant would be billed if that tenant were an individual customer of the City of Lodi. For a qualifying

SCHEDULE EM

MOBILE HOME PARK SERVICE

SHARE tenant, the master-metered Customer shall bill the qualifying tenant at the applicable rates equivalent to Schedule ED, Residential SHARE Program Service. A non-qualifying tenant shall be billed at the applicable rates equivalent to Schedule EA, Residential Service.

- (h) The master-meter/sub-meter rate discount provided herein prohibits further recovery by mobile home park owners for the costs of owning, operating and maintaining their electric sub-metered system.

FIXED INCOME DISCOUNT:

For those customers who are on fixed incomes below \$45,000 annually and who are over 62 years of age, and do not qualify for any other discount, a discount of 5% shall apply to the electric bill. Procedures as to qualification will be established by the Electric Utility Department.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EM

MOBILE HOME PARK SERVICE

APPLICABILITY:

This schedule is applicable to service supplied to mobile home parks through one meter and sub-metered to all individual mobile home units.

RATES:

Customer Charge.....	\$ 4.87
Energy Charge:	
Summer (May 1 through October 31)	
First 440 kWh, per kWh10197
Over 440 kWh, per kWh.....	.14025
Winter (November 1 through April 30)	
First 400 kWh, per kWh10197
Over 400 kWh, per kWh.....	.14025
MINIMUM CHARGE:	
All kWh, per kWh05000

DISCOUNT:

Per number of occupied mobile home park units wired for service	\$ 8.13
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MARKET COST ADJUSTMENT (MCA):

A market cost adjustment may be included in each bill for service. The adjustment shall be the product of the total kilowatt-hours (kWh) for which the bill is rendered times the adjustment amount per kWh. The adjustment amount per kWh will reflect amounts charged the City of Lodi by various suppliers of bulk power not covered in the above rates.

SCHEDULE EM
MOBILE HOME PARK SERVICE

BILLING CYCLE CHARGE (MONTHLY BILL):

The Billing Cycle Charge is the higher of the Minimum Charge or the sum of the Customer Charge, Energy Charge, Discount and MCA.

SPECIAL CONDITIONS:

- (a) This rate is available only for mobile home park master metering in service prior to March 31, 1989.
- (b) It is the responsibility of the master-metered customer to notify the City Finance Department within 15 days following any change in the number of occupied mobile home park units wired for service.
- (c) Miscellaneous electric loads such as general lighting, laundry rooms, general maintenance, and other similar use incidental to the operation of the premises as a multi-family accommodation will be considered domestic use.
- (d) To qualify for Single Household Alternative Rate for Energy (SHARE) the sub-metered tenants of the master-metered City of Lodi Customer will submit an application, including the tenant's unit number, to the City of Lodi Finance Department. The City of Lodi Finance Department will notify the master-metered Customer of the tenant's certification.
- (e) Certification will be required to determine income eligibility for the SHARE program. Sub-metered tenants of the master metered City of Lodi Customer must sign a statement upon application indicating that the City of Lodi may verify the sub-metered tenant's eligibility at any time. The master-metered Customer, not the City of Lodi, is responsible for extending the SHARE program to tenants certified to receive them. If verification establishes that the SHARE tenant is ineligible, the tenant will be removed from the master-metered Customer's qualified tenants and the City of Lodi may render corrective billings.
- (f) The master-metered Customer shall not bill any sub-metered tenant more than that tenant would be billed if that tenant were an individual customer of the City of Lodi. For a qualifying SHARE tenant, the master-metered Customer shall bill the qualifying tenant at the applicable rates equivalent to Schedule ED, Residential SHARE Program Service. A non-qualifying tenant shall be billed at the applicable rates equivalent to Schedule EA, Residential Service.



CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

SCHEDULE EA

RESIDENTIAL SERVICE

APPLICABILITY:

This schedule is applicable to single-phase domestic power service in single-family and multi-family dwellings separately metered by the City including those on discontinued all electric rate schedule, EE.

RATES:

Minimum Charge.....\$5.00

Energy Charge is by Tier of kWh usage:

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
\$/kWh	\$0.1420	\$0.1450	\$0.2235	\$0.3180	\$0.3300

Summer (May through October) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	482	626	963	>1,443
Ending Tier kWh/month	481	625	962	1,443	

Winter (November through April) Energy Tiers

	<u>Tier 1</u> (Baseline)	<u>Tier 2</u> (101-130% of baseline)	<u>Tier 3</u> 131-200% of baseline)	<u>Tier 4</u> (201-300% of baseline)	<u>Tier 5</u> (Over 300% of baseline)
Beginning Tier kWh/month	0	392	509	783	>1,173
Ending Tier kWh/month	391	508	782	1,173	

MARKET COST ADJUSTMENT (MCA):

A Market cost adjustment may be included in each bill for service. The adjustment shall be the product of the total kilowatt-hours (kWh) for which the bill is rendered times the adjustment amount per kWh. The adjustment amount per kWh will be calculated to reflect amounts charged the City by various suppliers of bulk power not covered in the above rates.

SCHEDULE EA
RESIDENTIAL SERVICE

BILLING CYCLE CHARGE (MONTHLY BILL):

The billing cycle charge is the higher of the sum of the Minimum Charge and the MCA or the sum of the Energy Charge and the MCA.

SPECIAL CONDITIONS:

- (a) When a business or commercial establishment is conducted in conjunction with a residence and both are measured through one meter, this rate does not apply.
- (b) This rate does not apply to service used for common area and facilities in multi-family dwellings.
- (c) An additional first block medical quantity is available as described in Schedule MR, Residential Medical Rider.

FIXED INCOME DISCOUNT:

For those customers who are on fixed incomes below \$45,000 annually and who are over 62 years of age, and do not qualify for any other discount, a discount of 5% shall apply to the electric bill. Procedures as to qualification will be established by the Electric Utility Department.